Compensatory Grants to Maharashtra

261. SHRI R.S. GAVAI Will the Minister of FINANCE be pleased to state:

(a) the share of Maharashtra in the total divisible pool in the Eleventh Finance Commission as compared to the Tenth Finance Commission;

(b) whether the share of Maharashtra has gone down in total divisible pool;

(c) if so, the reasons therefor; and

(d) whether Maharashtra may be given compensatory grants for the loss of revenue owing to the recommendations of the Eleventh Finance Commission?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The share of Maharashtra in the total divisible pool is 4.632% as recommended by Eleventh Finance Commission against 6.232% as per Tenth Finance Commission recommendations.

(c) and (d) The Eleventh Finance Commission has made their recommendations on devolution to States after holistic assessment of the needs and resources of the Centre and each State based on the following criteria:

	Criteria	Relative weight (percent)
1.	Population	10.0
2.	Income (Distance Method)	62.5
3.	Area	7.5
4.	Index of infrastructure	7.5
5.	Tax effort	5.0
6.	Fiscal Discipline	7.5

The Government of India has accepted the recommendations of the

Eleventh Finance Commission relating to devolution of Central taxes and duties, quantum of grants-in-aid and debt relief to States as contained in its main report for the period 2000-05. The main report of the Eleventh Finance Commission together with an explanatory memorandum as to the action taken on the recommendations of the Commission was laid on the Table of the both Houses of Parliament of 27th July, 2000.

Financial Position of Maharashtra

262. SHRI R.S. GAVAI: Will the Minister of FINANCE be pleased to state:

(a) whether financial position of most of the States including Maharashtra has been deteriorating recently;

(b) if so, the details thereof;

(c) how far decreasing resource mobilisations mailing through taxation is responsible for this; and

(d) the steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) financial position of the States including Maharashtra has been characterised by rising gross fiscal deficit and revenue deficit levels as is evidenced by the following table:

(Rs. in crores)

Year	All State		Maharashtra	
	Gross Fiscal Deficit	Revenue Deficit	Gross Fiscal Deficit	Revenue Deficit
1997-98 (A/c)	44200	16333	6442.2	2579.9
1998-99 (A/c)	74254	43642	7462.4	3925.9
1999-2000 (RE)	94739	56802	13913.3	9484.0

(c) and (d) Decline in rate of growth of tax and non tax revenues